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INTRODUCTION

First Ward Community Center (FWCC) entered into contract #BA-03-73003 with the Michigan Family Independence Agency (FIA) to provide a Before and After School Program (BA) for children in grades K-9. The children were to participate in a life skills program, which included decision-making, stress and anger management, drug and alcohol abuse prevention, group discussions, field trips, and recreational activities. The contract totaled \$438,346 and covered the period October 1, 2002 through June 30, 2003. FWCC was reimbursed for their actual costs of providing the program through submission of monthly billings to FIA.

SCOPE

The Office of Internal Audit performed an audit of First Ward Community Center to determine if the Agency's billings were accurate, allowable, and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. Our review covered the period October 1, 2002 through March 31, 2003. We also tested case files to determine if TANF forms were on file to document eligibility for the students who participated in the program.

EXECUTIVE SUMMARY

Based on our audit, we conclude that FWCC underbilled FIA \$4,022.92. The salaries, fringe benefits and supplies were underbilled and the communication expense was overbilled. Our report recommends the Field Services Administration inform FWCC that they may correct their billings to include all actual costs incurred for the BA program.

Based on our review of TANF forms, we concluded that the forms had been completed for all of the participants, and that the contractor served both TANF and Non-TANF eligible students.

AGENCY RESPONSE

The management of First Ward Community Center has reviewed all findings and recommendations included in this report. They indicated in a telephone conversation on July 10, 2003 that they are in general agreement with the report.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Salaries and Fringe Benefits

1. FWCC underbilled FIA \$3,326.15 for salaries and \$1,499.20 for fringe benefits because their actual costs exceeded the amount billed.

Communications

2. FWCC overbilled FIA \$1,675.36 for communication expense because they billed the budgeted amount rather than billing for actual costs incurred. The budgeted amount was computed by taking prior year postage, fax and copier costs, and multiplying the total of those costs by the square footage of space used by the BA program. This is not an acceptable method of allocation for communications expense because it does not accurately approximate the share of these costs used by the various programs.

Supplies

3. FWCC underbilled FIA \$872.92 for supplies due to expenses being incurred, and recorded, but not billed.

WE RECOMMEND the Field Services Administration instruct First Ward Community Center to correct their billings for the amounts overbilled, and advise them that they may correct their billings for the amounts underbilled.

WE ALSO RECOMMEND that the Field Services Administration require First Ward Community Center to develop an accurate allocation method for communications expense.

Case File Review

4. We reviewed client case records to determine if the required TANF forms were on file. We reviewed the population of 290 records, and found that all forms were on file and all but 9 (3.2%) students were TANF eligible.